

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA

Norfolk Division



UNITED STATES OF AMERICA	)	<u>UNDER SEAL</u>
	)	CRIMINAL NO. 2:12cr 58
)	
	)	18 U.S.C. § 1349
	)	Conspiracy To Commit Wire Fraud
v.	)	(Count One)
)	
	)	18 U.S.C. §§ 1343 & 2
	)	Wire Fraud
GEORGE P. HRANOWSKYJ,	)	(Counts Two through Eight)
)	
Defendant.	)	18 U.S.C. §§ 1957 & 2
	)	Unlawful Monetary Transactions
	)	(Counts Nine through Fourteen)
)	
	)	18 U.S.C. §§ 981 & 982, 21 U.S.C. § 853(p)
	)	Criminal Forfeiture

INDICTMENT

April 2012 Term – at Norfolk, Virginia

THE GRAND JURY CHARGES THAT:

COUNT ONE

(Conspiracy To Commit Wire Fraud)

A. INTRODUCTION

At all times material to this indictment except as otherwise indicated:

1. GEORGE P. HRANOWSKYJ, the defendant, and Conspirator A were partners; together they owned and operated numerous real estate investment and development entities.
2. As partners, GEORGE P. HRANOWSKYJ, and Conspirator A purchased buildings in historic neighborhoods with the purpose of rehabilitating such properties to obtain federal and state historic rehabilitation tax credits.

3. GEORGE P. HRANOWSKYJ and Conspirator A had a principal place of business located at the Wainwright Building, 229 West Bute Street, Norfolk, Virginia 23510.

4. The United States Department of the Interior, National Park Service (“National Park Service”) administers the Federal Historic Preservation Tax Incentives program. This program allows property owners to obtain a tax credit equal to 20 percent of certified rehabilitation expenses. The National Park Service administers this program in partnership with the Internal Revenue Service (“IRS”) and the Virginia Department of Historic Resources (“VDHR”).

5. The VDHR administers the Virginia Historic Rehabilitation Tax Credit program. This program allows property owners to receive a state tax credit equal to 25 percent of certified rehabilitation expenses.

6. In Virginia, the National Park Service administers its historic rehabilitation tax credit program in conjunction with the VDHR. The National Park Service and the VDHR both use the following three-step application process to administer their programs:

- (a) Historic Preservation Certification Application – Part 1: To begin the application process, the property owner must complete and file the Historic Preservation Certification Application, Part 1. Part 1 determines whether the property satisfies the legal definition of “certified historic structure” and thereby qualifies for historic rehabilitation tax credits. After receiving Part 1 approval, the property owner is eligible to move forward in the application process. It is not unusual for a property owner to file Part 1 and Part 2 applications at the same time.
- (b) Historic Preservation Certification Application – Part 2: To satisfy the second step in the application process, the property owner must complete and file the Historic Preservation Certification Application, Part 2. Part 2 determines whether the proposed plan for rehabilitation of the certified historic structure is consistent with the Secretary of the Interior’s Standards for Rehabilitation. The National Park Service delegates to VDHR the analysis of whether the proposed plan satisfies these standards and qualifies as a “certified rehabilitation.”

- (c) Historic Preservation Certification Application – Part 3: After receiving Part 2 approval, the property owner must complete and file the Historic Preservation Certification Application, Part 3. The National Park Service typically submits its Part 3 forms to VDHR for review and processing. Part 3 requires the applicant to provide the date when work was completed, and to estimate the costs attributed solely to the rehabilitation of the historic structure. When costs exceed \$100,000, the property owner must provide a report prepared by a certified public accountant certifying the costs attributed to the rehabilitation of the historic structure. If the National Park Service and VDHR are satisfied that the completed rehabilitation is consistent with the Secretary of the Interior's Standards for Rehabilitation, then the project is designated a "certified rehabilitation." After obtaining this designation, the National Park Service and VDHR notify the property owner of the amount of federal and/or state historic rehabilitation tax credits awarded to the project.

B. THE CONSPIRACY

7. From in or about January 2006 through in or about March 2012, in the Eastern District of Virginia and elsewhere, GEORGE P. HRANOWSKYJ, the defendant, knowingly and intentionally combined, conspired, confederated and agreed with others known and unknown to commit wire fraud, that is, to devise and intend to devise any scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing said scheme and artifice knowingly caused to be transmitted by means of wire communication in interstate commerce, certain writings, signs, signals, and pictures, that is, wire transfers, in furtherance of a historic rehabilitation tax credit fraud scheme, in violation of Title 18, United States Code, Sections 1343 and 2.

C. THE PURPOSE OF THE CONSPIRACY

8. The purpose of the conspiracy was to fraudulently obtain federal and state historic rehabilitation tax credits by inflating the amounts spent on renovating historic properties, fabricating other necessary documents, and making other material misstatements.

9. A further purpose of the conspiracy was to transfer these fraudulently obtained tax credits to unsuspecting corporate investors in exchange for millions of dollars.

D. THE WAYS, MANNER AND MEANS OF THE CONSPIRACY

The ways, manner and means by which the defendant and his conspirators sought to accomplish the conspiracy included, but were not limited to, the following:

Scheme To Defraud

10. GEORGE P. HRANOWSKYJ and Conspirator A borrowed funds from financial institutions and others to purchase and renovate properties that could qualify for historic rehabilitation tax credits. Thereafter, GEORGE P. HRANOWSKYJ and Conspirator A formed limited liability companies to hold the properties and conduct business related to the properties.

11. On behalf of the limited liability companies, Conspirator A completed Historic Preservation Certification Applications to apply for federal and state historic rehabilitation tax credits. Conspirator A filed these Historic Preservation Certification Applications with the National Park Service and VDHR.

12. GEORGE P. HRANOWSKYJ and Conspirator A hired certified public accountants to prepare a Historic Rehabilitation Tax Credit Cost Certification Report for each rehabilitation project. At the direction of GEORGE P. HRANOWSKYJ and Conspirator A, a known conspirator, working in their office space in Norfolk, Virginia, prepared spreadsheets containing false information and fabricated invoices to support fraudulent rehabilitation costs. Conspirator A, and others known and unknown, provided the false and fabricated information to the accountants. The accountants then relied on the false and fabricated information to prepare Historic Rehabilitation Tax Credit Cost Certification Reports.

13. Upon purported completion of each rehabilitation project, GEORGE P. HRANOWSKYJ and Conspirator A submitted the false Historic Rehabilitation Tax Credit Cost Certification Reports and other fabricated documents including, but not limited to, forged certificates of occupancy to the National Park Service and VDHR.

14. Based on these false submissions, the VDHR awarded millions of dollars in historic rehabilitation tax credits to the limited liability companies controlled by GEORGE P. HRANOWSKYJ and Conspirator A.

15. GEORGE P. HRANOWSKYJ and Conspirator A entered into agreements with investment funds operated by a tax credit broker in San Francisco, California to transfer the historic rehabilitation tax credits to investors in exchange for millions of dollars. GEORGE P. HRANOWSKYJ and Conspirator A induced the tax credit broker to pay money on behalf of corporate investors by providing false information and fabricated documents, representing that investor funds would be used to support the rehabilitation projects, and guaranteeing that the federal and state historic rehabilitation tax credits would be legitimately obtained.

16. GEORGE P. HRANOWSKYJ and Conspirator A transferred the federal and state historic rehabilitation tax credits obtained – and, in some circumstances, tax credits that had not yet been obtained – to the tax credit broker's investment funds. When they transferred these credits, GEORGE P. HRANOWSKYJ and Conspirator A knew that they were fraudulently obtained. The tax credit broker then transferred the federal and state historic rehabilitation tax credits through its investment funds to corporate investors.

17. GEORGE P. HRANOWSKYJ and Conspirator A caused the tax credit broker to send millions of dollars through interstate wire transfers into bank accounts in Norfolk and Chesapeake, Virginia owned and controlled by GEORGE P. HRANOWSKYJ and Conspirator A.

18. GEORGE P. HRANOWSKYJ and Conspirator A split the proceeds of the fraud and used the money primarily for their own personal purposes.

19. GEORGE P. HRANOWSKYJ and Conspirator A attempted to convince known conspirators to leave the country after discovering that federal authorities were investigating this scheme to defraud.

20. As a result of the conspiracy, corporate investors filed federal and state tax returns deducting millions of dollars in historic rehabilitation tax credits fraudulently obtained, and in some instances not yet obtained, by GEORGE P. HRANOWSKYJ and Conspirator A.

21. As a result of the conspiracy, the United States of America and the Commonwealth of Virginia suffered millions of dollars in losses when corporate investors reduced their federal and state tax obligations by taking the fraudulently obtained historic rehabilitation tax credits.

James Madison Hotel -- 345 Granby Street, Norfolk, Virginia

22. On or about January 20, 2006, GEORGE P. HRANOWSKYJ and Conspirator A obtained a loan from the Bank of the Commonwealth to purchase and renovate the old James Madison Hotel located at 345 Granby Street in Norfolk, Virginia. GEORGE P. HRANOWSKYJ and Conspirator A formed 345 Granby, LLC to hold the property and to serve as the business entity controlling the rehabilitation project.

23. On or about April 14, 2006, on behalf of 345 Granby, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 1 with VDHR to determine whether this project could qualify for state historic rehabilitation tax credits. On or about May 15, 2006, VDHR concluded that the property located at 345 Granby Street was a “certified historic structure” and could qualify for state historic rehabilitation tax credits.

24. On or about June 5, 2006, on behalf of 345 Granby, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 2 with VDHR. The application described the proposed renovations and estimated the renovations would cost \$11,000,000. On or about September 28, 2007, VDHR approved Part 2 of the application concluding that the proposed renovations to 345 Granby Street were acceptable and met the Secretary of the Interior’s Standards for Historic Preservation.

25. On or about January 8, 2008, on behalf of 345 Granby, LLC, Conspirator A filed Historic Preservation Certification Applications, Part 1 and Part 2 with the National Park Service to determine whether this project could qualify for federal historic rehabilitation tax credits, and describing the proposed renovations.

26. On or about August 17, 2006, GEORGE P. HRANOWSKYJ approached a tax credit broker located in San Francisco, California about the 345 Granby rehabilitation project.

27. From in or about August 2006 through in or about November 2010, GEORGE P. HRANOWSKYJ and Conspirator A negotiated with the tax credit broker over the terms of an agreement whereby the conspirators would transfer the federal and state historic rehabilitation tax credits they expected to receive for 345 Granby Street to corporate investors in exchange for substantial cash payments.

28. On or about May 9, 2008, GEORGE P. HRANOWSKYJ and Conspirator A executed several agreements related to the transfer of the tax credits in exchange for cash payments. GEORGE P. HRANOWSKYJ and Conspirator A both promised in various documents that the information submitted to the National Park Service and VDHR would be “substantially true and correct.” The conspirators further promised to use investors’ capital contributions solely for the benefit of the 345 Granby rehabilitation project.

29. Even after these agreements were executed, from on or about May 9, 2008 through on or about November 18, 2008, GEORGE P. HRANOWSKYJ and Conspirator A continued to negotiate with the tax credit broker over the terms of their agreement. In particular, GEORGE P. HRANOWSKYJ tried to convince the tax credit broker to pay investor funds directly to him and Conspirator A. Eventually, GEORGE P. HRANOWSKYJ relented, and agreed to accept the terms already set forth in the executed agreements, that is, investor funds would be paid to 345 Granby, LLC and Commodore Maury, LLC in the form of capital contributions, and used solely for the benefit of the 345 Granby rehabilitation project.

30. During this time, GEORGE P. HRANOWSKYJ and Conspirator A sent false documents to the tax credit broker to satisfy conditions precedent to the payment of any capital contributions. For example, on or about October 22, 2008, GEORGE P. HRANOWSKYJ and Conspirator A provided copies of personal checks each in the amount of \$45,288.00 and a deposit slip showing that they had deposited these funds into the 345 Granby, LLC demand deposit account. In fact, GEORGE P. HRANOWSKYJ and Conspirator A never actually deposited these checks into the 345 Granby, LLC demand deposit account or any other account.

31. On or about November 19, 2008, the tax credit broker caused an investment fund to send three wires totaling \$1,968,010 from an account in California to bank accounts at the Bank of the Commonwealth in Norfolk, Virginia owned and controlled by GEORGE P. HRANOWSKYJ and Conspirator A. GEORGE P. HRANOWSKYJ and Conspirator A used a portion of these funds for their own personal purposes.

32. From in or about November 2008 through in or about November 2010, GEORGE P. HRANOWSKYJ and Conspirator A provided false information, fake invoices, altered bank statements, fabricated certificates of occupancy and other falsified documents to the tax credit broker to mask their personal financial problems and to create the appearance that they would eventually obtain a substantial amount of legitimate federal and state tax credits for the 345 Granby Street project.

33. On or about December 17, 2009, GEORGE P. HRANOWSKYJ and Conspirator A met with a representative from the tax credit broker and a representative from the certified public accounting firm in Norfolk, Virginia to tour 345 Granby Street.

34. From in or about December 2009 through on or about February 12, 2010, at the direction of GEORGE P. HRANOWSKYJ and Conspirator A, another known conspirator, working in their office space in Norfolk, Virginia, prepared spreadsheets containing false information and fabricated invoices to support fraudulent rehabilitation costs. Conspirator A, and others known and unknown, provided false information and false documents to their accountants. The accountants prepared a Historic Rehabilitation Tax Credit Cost Certification Report dated February 12, 2010 based wholly on these false statements and submissions.

35. On or about February 12, 2010, on behalf of 345 Granby, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 3 with VDHR. In this application,

Conspirator A falsely stated that the renovation of 345 Granby Street actually cost \$22,558,518.

To support this claim, Conspirator A submitted the Historic Cost Certification Report which falsely certified that the total qualified rehabilitation expenditures for the project were \$22,558,518.

36. On or about February 24, 2010, based on the fraudulent materials submitted to support the application, VDHR concluded that the 345 Granby Street project was a “certified rehabilitation” and awarded \$5,639,629.50 in state historic rehabilitation tax credits to 345 Granby, LLC.

37. On or about February 24, 2010, GEORGE P. HRANOWSKYJ and Conspirator A transferred \$5,639,629.50 in fraudulently obtained Virginia historic rehabilitation tax credits to various investment funds. That same day, the tax credit broker transferred these credits from the investment funds to three specific corporate investors.

38. On or about March 3, 2010, on behalf of 345 Granby, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 3 with the National Park Service. In this application, Conspirator A falsely stated that the renovation of 345 Granby Street actually cost \$22,558,518. Again, Conspirator A submitted the false Historic Cost Certification Report to support the application.

39. On or about March 11, 2010, the tax credit broker caused an investment fund to send one wire in the amount of \$1,079,786.78 from an account in California to a bank account at the Bank of the Commonwealth in Norfolk, Virginia controlled by GEORGE P. HRANOWSKYJ and Conspirator A. Thereafter, GEORGE P. HRANOWSKYJ and Conspirator A used a portion of these funds for their own personal purposes.

40. On or about March 19, 2010, the tax credit broker caused an investment fund to send one wire in the amount of \$2,339,946.81 from an account in California to a bank account at the Bank of the Commonwealth in Norfolk, Virginia controlled by GEORGE P. HRANOWSKYJ and Conspirator A. Thereafter, GEORGE P. HRANOWSKYJ and Conspirator A used a portion of these funds for their own personal purposes.

41. On or about April 16, 2010, the tax credit broker caused an investment fund to send one wire in the amount of \$1,177,769.98 from an account in California to a bank account at the Bank of the Commonwealth in Norfolk, Virginia controlled by GEORGE P. HRANOWSKYJ and Conspirator A. Thereafter, GEORGE P. HRANOWSKYJ and Conspirator A used a portion of these funds for their own personal purposes.

42. On or about April 16, 2010, the tax credit broker caused an investment fund to send one wire in the amount of \$439,455.19 from an account in California to an escrow account at the Branch Banking & Trust Company for Pioneer Title, LLC. GEORGE P. HRANOWSKYJ and Conspirator A used these fraudulently obtained monies to pay mechanics liens, judgments and past due taxes related to 345 Granby Street.

43. On or about May 11, 2010, the National Park Service informed Conspirator A that the 345 Granby Street project did not meet the Secretary of the Interior's Standards for Rehabilitation. Therefore, the project did not qualify as a "certified rehabilitation" and was not eligible for the 20 percent federal tax credit for historic properties.

44. On or about November 5, 2010, the tax credit broker caused an investment fund to send one wire in the amount of \$979,100 from an account in California to a bank account at Monarch Bank in Chesapeake, Virginia controlled by GEORGE P. HRANOWSKYJ and

Conspirator A. GEORGE P. HRANOWSKYJ and Conspirator A used a portion of these funds for their own personal purposes.

45. From in or about November 2011 through in or about March 2012, GEORGE P. HRANOWSKYJ, knowing that the Part 3 application was fraudulent, assisted the tax credit broker in efforts to convince the National Park Service that 345 Granby Street should be designated a “certified rehabilitation.”

46. Three corporate investors used approximately \$5,639,629.50 in fraudulently obtained state historic rehabilitation tax credits to decrease their tax obligations to the Commonwealth of Virginia.

47. One corporate investor claimed approximately \$4,506,741 in federal historic rehabilitation tax credits to decrease its 2010 federal tax liability even though the National Park Service has not awarded federal historic rehabilitation tax credits for the 345 Granby Street project.

Mercer Apartments – 742 West Princess Anne Road, Norfolk, Virginia

48. In or about 2006, GEORGE P. HRANOWSKYJ and Conspirator A purchased the Mercer Apartments located at 742 West Princess Anne Road in Norfolk, Virginia. GEORGE P. HRANOWSKYJ and Conspirator A formed Mercer Building, LLC to hold the property and to serve as the business entity controlling the rehabilitation project.

49. On or about March 19, 2008, on behalf of Mercer Building, LLC, Conspirator A filed Historic Preservation Certification Application, Part 1 with the VDHR to determine whether this project could qualify for federal and state historic rehabilitation tax credits. On or about May 13, 2008, on behalf of Mercer Building, LLC, Conspirator A filed the same

application with the National Park Service. On or about May 14, 2008, the National Park Service approved Part 1 of this application.

50. On or about January 9, 2009, on behalf of Mercer Building, LLC, Conspirator A filed Historic Preservation Certification Application, Part 2 with the VDHR. The application described the proposed renovations and estimated that the renovations would cost \$3,400,000. On or about March 2, 2009, on behalf of Mercer Building, LLC, Conspirator A filed the same application with the National Park Service. On or about March 26, 2009, the National Park Service conditionally approved the proposed plans for rehabilitation.

51. From in or about November 19, 2008 through in or about May 21, 2010, GEORGE P. HRANOWSKYJ and Conspirator A negotiated with the tax credit broker over the terms of an agreement whereby the conspirators would transfer the federal and state historic rehabilitation tax credits they expected to receive for the Mercer Apartments to corporate investors in exchange for substantial cash payments. Throughout this time, GEORGE P. HRANOWSKYJ and Conspirator A provided false personal financial statements, a fabricated certificate of occupancy, altered environmental reports, and other falsified documents to the tax credit broker to mask their personal financial problems and to create the appearance that they would eventually obtain a substantial amount of legitimate federal and state tax credits for the Mercer Apartments project.

52. On or about December 23, 2009, GEORGE P. HRANOWSKYJ and Conspirator A executed several agreements related to the transfer of the tax credits in exchange for cash payments. GEORGE P. HRANOWSKYJ and Conspirator A both promised in those documents that the information submitted to the National Park Service and VDHR about the renovation

would be “substantially true and correct.” The conspirators further promised to use the investors’ capital contributions solely for the benefit of the Mercer Apartments project.

53. On or about May 21, 2010, the tax credit broker caused an investment fund to send one wire for \$248,689.82 from an account in California to a Monarch bank account in Chesapeake, Virginia controlled by GEORGE P. HRANOWSKYJ and Conspirator A. GEORGE P. HRANOWSKYJ and Conspirator A immediately split the proceeds and used these funds for their own personal purposes.

54. From in or about December 2010 through or about January 21, 2011, at the direction of GEORGE P. HRANOWSKYJ and Conspirator A, another known conspirator, working in their office space in Norfolk, Virginia, prepared spreadsheets containing false information and fabricated invoices to support fraudulent rehabilitation costs. Conspirator A, and others known and unknown, provided false information and false documents to their accountants. The accountants prepared the Historic Rehabilitation Tax Credit Cost Certification Report dated January 21, 2011 based wholly on these false statements and submissions.

55. On or about February 10, 2011, on behalf of Mercer Building, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 3 with the VDHR. In this application, Conspirator A falsely stated that the renovation of the Mercer Apartments actually cost \$4,570,955. To support this claim, Conspirator A submitted the Historic Rehabilitation Cost Certification Report which falsely certified that the total qualified rehabilitation expenditures for the project were \$4,570,955.

56. On or about February 23, 2011, on behalf of Mercer Building, LLC, Conspirator A filed a Historic Preservation Certification Application, Part 3 with the National Park Service. In this application, Conspirator A falsely stated that the renovation of the Mercer Apartments actually cost \$4,570,955.

57. From in or about November 2011 through in or about March 2012, GEORGE P. HRANOWSKYJ, knowing that the Part 3 application was fraudulent, assisted the tax credit broker in efforts to convince the National Park Service and the VDHR that the Mercer Apartments should be designated a “certified rehabilitation.”

58. To date, neither the National Park Service nor the VDHR has approved federal or state historic rehabilitation tax credits for the Mercer Apartments.

59. A corporate investor claimed approximately \$928,007 in federal historic rehabilitation tax credits for the Mercer Apartments to decrease its federal tax liability even though the National Park Service has not awarded federal historic rehabilitation tax credits for this project.

(In violation of Title 18, United States Code, Section 1349).

COUNTS TWO THROUGH EIGHT
(Wire Fraud)

From in or about January 2006 through in or about March 2012, in the Eastern District of Virginia and elsewhere, GEORGE P. HRANOWSKYJ, the defendant, and Conspirator A, aided, abetted and counseled each other, knowingly devised and intended to devise a scheme and artifice to defraud and for obtaining money and property by means of materially false and fraudulent pretenses, representations, and promises, which scheme and artifice, and the execution thereof, operated in substance as follows:

A. THE PURPOSE OF THE SCHEME TO DEFRAUD

1. The purpose of the scheme to defraud was to fraudulently obtain federal and state historic rehabilitation tax credits by significantly inflating the amounts spent on renovating historic properties, fabricating other necessary documents, and making other material misstatements.

2. A further purpose of the scheme to defraud was to transfer these fraudulently obtained tax credits to unsuspecting corporate investors in exchange for millions of dollars.

B. THE SCHEME TO DEFRAUD

3. GEORGE P. HRANOWSKYJ and Conspirator A borrowed funds from financial institutions and others to purchase and renovate properties that could qualify for historic rehabilitation tax credits. Thereafter, GEORGE P. HRANOWSKYJ and Conspirator A formed limited liability companies to hold the properties and conduct business related to the properties.

4. On behalf of the limited liability companies, Conspirator A completed Historic Preservation Certification Applications to apply for federal and state historic rehabilitation tax credits. Conspirator A filed these Historic Preservation Certification Applications with the National Park Service and VDHR.

5. GEORGE P. HRANOWSKYJ and Conspirator A hired certified public accountants to prepare a Historic Rehabilitation Tax Credit Cost Certification Report for each rehabilitation project. GEORGE P. HRANOWSKYJ, Conspirator A, and others known and unknown provided false and fabricated information to the accountants. The accountants then relied on the false and fabricated information to prepare Historic Rehabilitation Tax Credit Cost Certification Reports.

6. Upon purported completion of each rehabilitation project, GEORGE P. HRANOWSKYJ and Conspirator A submitted the false Historic Rehabilitation Tax Credit Cost Certification Reports and other fabricated documents including, but not limited to, forged certificates of occupancy to the National Park Service and VDHR.

7. Based on these false submissions, the VDHR awarded millions of dollars in historic rehabilitation tax credits to the limited liability companies controlled by GEORGE P. HRANOWSKYJ and Conspirator A.

8. GEORGE P. HRANOWSKYJ and Conspirator A entered into agreements with investment funds operated by a tax credit broker in San Francisco, California to transfer the historic rehabilitation tax credits to investors in exchange for millions of dollars. GEORGE P. HRANOWSKYJ and Conspirator A induced the tax credit broker to pay money on behalf of corporate investors by providing false information and fabricated documents, representing that investor funds would be used to support the rehabilitation projects, and guaranteeing that the federal and state historic rehabilitation tax credits would be legitimately obtained.

9. GEORGE P. HRANOWSKYJ and Conspirator A transferred the federal and state historic rehabilitation tax credits obtained – and, in some circumstances, tax credits that had not yet been obtained – to the tax credit broker's investment funds. When they transferred these

credits, GEORGE P. HRANOWSKYJ and Conspirator A knew that they were fraudulently obtained. The tax credit broker then transferred the federal and state historic rehabilitation tax credits through its investment funds to corporate investors.

10. GEORGE P. HRANOWSKYJ and Conspirator A caused the tax credit broker to send millions of dollars through interstate wire transfers into bank accounts in Norfolk and Chesapeake, Virginia owned and controlled by GEORGE P. HRANOWSKYJ and Conspirator A.

11. GEORGE P. HRANOWSKYJ and Conspirator A split the proceeds of the fraud and used the money primarily for their own personal purposes.

12. GEORGE P. HRANOWSKYJ and Conspirator A attempted to convince known and unknown conspirators to leave the country after discovering that federal authorities were investigating this scheme to defraud.

13. As a result of the scheme to defraud, corporate investors prepared and filed federal and state tax returns deducting millions of dollars in historic rehabilitation tax credits fraudulently obtained, and in some instances not yet obtained, by GEORGE P. HRANOWSKYJ and Conspirator A.

14. As a result of the scheme to defraud, the United States of America and the Commonwealth of Virginia suffered millions of dollars in losses when corporate investors reduced their federal and state tax obligations by taking the fraudulently obtained historic rehabilitation tax credits.

C. ACTS IN FURTHERANCE OF THE SCHEME TO DEFRAUD

15. Paragraphs 1-6 and 10-59 in Count One are realleged and incorporated by reference, as if fully stated herein.

16. On or about the dates noted in the counts set forth below, in the Eastern District of Virginia and elsewhere, GEORGE P. HRANOWSKYJ, the defendant, for the purpose of executing the scheme and artifice to defraud, transmitted and caused to be transmitted by wire communication in interstate commerce the following writings, signs and signals:

COUNT	DATE OF WIRE	WIRE TRANSMISSION
2	11/19/2008	Wire transfer of approximately \$325,000 from a Smith Barney bank account in the State of California to a Bank of the Commonwealth bank account ending in 6888 located in Norfolk, Virginia.
3	11/19/2008	Wire transfer of approximately \$1,633,010 from a Smith Barney bank account in the State of California to a Bank of the Commonwealth bank account ending in 9496 located in Norfolk, Virginia.
4	3/11/2010	Wire transfer of approximately \$1,079,786.78 from a Smith Barney bank account in the State of California to a Bank of the Commonwealth bank account ending in 0464 located in Norfolk, Virginia.
5	3/19/2010	Wire transfer of approximately \$2,339,946.81 from a Smith Barney bank account in the State of California to a Bank of the Commonwealth bank account ending in 0464 located in Norfolk, Virginia.
6	4/16/2010	Wire transfer of approximately \$1,177,769.98 from a Smith Barney bank account in the State of California to a Bank of the Commonwealth bank account ending in 0464 located in Norfolk, Virginia.
7	11/5/2010	Wire transfer of approximately \$979,100 from a Smith Barney bank account in the State of California to a Monarch bank account ending in 4754 located in Chesapeake, Virginia.
8	5/21/2010	Wire transfer of approximately \$248,689.82 from a Smith Barney bank account in the State of California to a Monarch bank account ending in 2412 located in Chesapeake, Virginia.

(In violation of Title 18, United States Code, Sections 1343 and 2).

COUNTS NINE THROUGH FOURTEEN
(Unlawful Monetary Transactions)

On or about the dates noted in the counts set forth below, in the Eastern District of Virginia and elsewhere, GEORGE P. HRANOWSKYJ, the defendant, knowingly engaged in monetary transactions, by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is, the specific monetary transactions set forth below, such property having been derived from a specified unlawful activity, to wit: wire fraud, in violation of Title 18, United States Code, Section 1343.

COUNT	DATE	DESCRIPTION OF MONETARY TRANSACTION AND APPROXIMATE SUM INVOLVED
9	9/30/2009	A \$100,000 check written to George Hranowskyj and deposited into his personal bank account at the Bank of the Commonwealth derived from the proceeds of the wire fraud alleged in Count 2.
10	11/25/2008	A \$100,000 check written to George Hranowskyj and deposited into his personal bank account at BB&T derived from the proceeds of the wire fraud alleged in Count 3.
11	3/23/2010	A \$130,000 check written to George Hranowskyj and deposited into his personal bank account at BB&T derived from the proceeds of the wire fraud alleged in Counts 4 and 5.
12	4/22/2010	A \$67,000 check written to Suffolk Property Development and deposited into that entity's bank account at the Bank of the Commonwealth derived from the proceeds of the wire fraud alleged in Count 6.
13	11/5/2010	A \$200,000 check written to George Hranowskyj and deposited into his personal bank account at Monarch Bank derived from the proceeds of the wire fraud alleged in Count 7.
14	6/10/2010	A \$123,939 cashier's check made payable to George Hranowskyj and deposited into his personal bank account at Wells Fargo derived from the proceeds of the wire fraud alleged in Count 8.

(In violation of Title 18, United States Code, Sections 1957 and 2).

FORFEITURE

1. Defendant GEORGE P. HRANOWSKYJ, if convicted of one or more of the violations alleged in counts one through fifteen of the indictment, shall forfeit to the United States, as part of the sentencing pursuant to Federal Rule of Criminal Procedure 32.2:

a. As to Counts One through Eight, any property, real or personal, which constitutes or is derived from proceeds traceable to, or obtained, directly or indirectly, as a result of, such violations, pursuant to 18 U.S.C. §§ 981(a)(1)(C) and 982(a)(2), and 28 U.S.C. § 2461(c);

b. As to Counts Nine through Fourteen, any property, real or personal, involved in the offense or traceable to such offense, pursuant to 18 U.S.C. § 982(a)(1);

c. Any other property belonging to the defendant, up to the value of the property subject to forfeiture, if any property subject to forfeiture, as a result of any act or omission of the defendant: (a) cannot be located upon the exercise of due diligence; (b) has been transferred to, sold to, or deposited with a third party; (c) has been placed beyond the jurisdiction of the Court; (d) has been substantially diminished in value; or (e) has been commingled with other property that cannot be divided without difficulty.

2. The property subject to forfeiture includes, but is not limited to the following property:

- 316 W. 26th Street, Norfolk, Virginia
- 209 E. Balchen Street, Kitty Hawk, North Carolina
- 253 Dillon Drive, Virginia Beach, Virginia
- 308 W. Holly Street, Kill Devil Hills, North Carolina
- 344 Hospital Drive, Virginia Beach, Virginia

- 355 Hospital Drive, Virginia Beach, Virginia
- 300 N. Main Street, Franklin, Virginia
- 228 Ocean Boulevard, Southern Shores, North Carolina
- 2029 Newport News Street, Kill Devil Hills, North Carolina
- 3202 N. Virginia Dare Trail, Kill Devil Hills, North Carolina
- 1401 Cobble Scott Way, Chesapeake, Virginia
- 9648 Mason Creek Road, Norfolk, Virginia
- 812 Second Avenue, Suffolk, Virginia
- 2035 Smithfield Street, Kill Devil Hills, North Carolina
- 500 Suffolk Street, Kill Devil Hills, North Carolina
- 311 York Street, Suffolk, Virginia
- Defendant's interest in 345 Granby, LLC
- Defendant's interest in Mercer Building, LLC
- BB&T Bank, No. 0000250448112, in the name of 1215 & 1217 Colonial Avenue, LLC
- BB&T Bank, No. 0000250448120, in the name of 1000 Westover Avenue, LLC
- BB&T Bank, No. 0005234497784, in the name George P. Hranowskyj
- Monarch Bank, No. 100562412, in the name of Mercer Building, LLC
- Monarch Bank, No. 100563014, in the name of George P. Hranowskyj
- Monarch Bank, No. 100584754, in the name of 345 Granby, LLC
- Monarch Bank, No. 100596485, in the name of a nominee, up to \$100,000 representing the fraud proceeds deposited into the account
- Monarch Bank, No. 100650001, in the name of Norfolk Property Development, LLC

- Monarch Bank, No. 100650316, in the name of 830 Westover Avenue, LLC
- Monarch Bank, No. 100603927, in the name of 742 W. Princess Anne Road, LLC
- Southern Bank, No. 2489481, in the name of George Hranowskyj
- Southern Bank, No. 1137549, in the name of Alexander Condominium, LLC
- Southern Bank, No. 1143417, in the name of 907 Colley Avenue, LLC
- Southern Bank, No. 1145746, in the name 832 Brandon Avenue, LLC
- Southern Bank, No. 1150464, in the name of 345 Granby
- Southern Bank, No. 1156888, in the name of 345 Granby, LLC
- Southern Bank, No. 1182072, in the name of Commodore Maury, LLC
- Southern Bank, No. 1182293, in the name of Mercer Building, LLC
- Southern Bank, No. 1189336, in the name of Norfolk Property Development, LLC
- Wells Fargo & Co., No. 1053102702333, in the name of George Hranowskyj and other
- Wells Fargo & Co., No. 1010287633807, in the name of a nominee, up to \$105,000 representing the fraud proceeds deposited into the account
- Wells Fargo & Co., No. 5130359788, in the name of George P. Hranowskyj
- Wells Fargo & Co., No. 1010287633810, in the name of a nominee, up to \$18,889.91 representing the fraud proceeds deposited into the account
- 2006 Chevrolet Silverado 2500 Pickup, VIN: 1GCHK23D06F245832
- 2010 Kawasaki KLX110 Off Road, VIN: JKALXSD18ADA74104
- 1995 Homemade Boat Trailer, VIN: VA241019TR
- 1968 Plymouth Barracuda Convertible, VIN: BH27F88427345
- 1969 Shelby Mustang, VIN: 9F02R81135
- 1972 Plymouth Barracuda, VIN: 5S23H2B228731

- 1972 Chevrolet Corvette, VIN: 1257K2S515873
- 1972 Plymouth Roadrunner
- 1972 Plymouth Cuda
- 1989 Airstream 370LE Motorhome
- 1985 Carolina 14' Boat (and Trailer), Hull #CNE00302F585, Vessel Number 4997BT – Virginia
- 1991 Yamaha Boat (and Trailer), Hull #YAMA1687F191, Vessel Number 7518AD – Virginia
- 2005 Scout Durado Boat (and Trailer)
- Various antique and other collector coins
- Various antique guns and other modern firearms
- Civil War Memorabilia
- Kubota L79 Tractor and Implements and Trailer
- Husqvarna Diesel Lawn Mower
- 2008 Honda 450 4 Wheeler
- Art Work
- Antique Furniture
- Jewelry
- A sum of money of at least \$8,232,758.58 which represents the proceeds of the charged offenses, that, upon entry of an order of forfeiture, shall be reduced to a money judgment.

(All in accordance with Title 18, United States Code, Sections 982(a)(2) and 981(a), as incorporated by Title 28, United States Code, Section 2461(c); and Title 21, United States Code, Section 853(p).)

United States v. George P. Hranowskyj, 2:12cr 58

A TRUE BILL ~~X~~
REDACTED CO.
FOREPERSON

Neil H. MacBride
United States Attorney

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REDACTED

S 45 (11/2002)

Criminal Case Cover Sheet**U.S. District Court**

Place of Offense: EDVA Under Seal: Yes ☒ No ☐ Judge Assigned _____
 City EDVA Superseding Indictment _____ Criminal Number: 2:12cr 58
 County/Parish _____ Same Defendant _____ New Defendant George P. Hranowskyj
 Magistrate Judge Case Number _____ Arraignment Date: _____
 Search Warrant Case Number _____
 R 20/R 40 from District of _____

Defendant Information:Juvenile -- Yes ☐ No ☒ FBI # _____**GEORGE P.**Defendant Name: HRANOWSKYJ Alias Name(s) _____Address: Chesapeake, VAEmployment: Owner - Norfolk Property Development, LLCBirth date 1964 SS# 5364 Sex M Def Race White Nationality _____ Place of Birth _____Height 6'01" Weight 225 Hair Blonde Eyes Brown Scars/Tattoos _____Interpreter: ☒ No ☐ Yes List language and/or dialect: _____**Location Status:**

Arrest Date _____

☐ Already in Federal Custody as of _____ in _____☐ Already in State Custody ☐ On Pretrial Release ☐ Not in Custody☒ Arrest Warrant Requested ☐ Fugitive ☐ Summons Requested☐ Arrest Warrant Pending ☒ Detention Sought ☐ Bond**Defense Counsel Information:**Name: James O. Broccoletti, Esq. Court Appointed

6663 Stoney Point South,

Address: Norfolk, VA 23502 ☒ RetainedTelephone: (757) 466-5026 Public Defender**U.S. Attorney Information:**

Melissa E. O'Boyle &

AUSA Katherine Lee Martin Telephone No: 757-441-6331 Bar # _____**Complainant Agency, Address & Phone Number or Person & Title:**

Federal Bureau of Investigation, 150 Corporate Boulevard, Norfolk, Virginia 23502, (757) 455-0100 &

Internal Revenue Service - CI, 200 Granby Street, Suite 402, Norfolk, Virginia 23510, (757) 213-3933

U.S.C. Citations:

	Code/Section	Description of Offense Charged	Count(s)	Capital/Felony/Misd/Petty
Set 1	18 U.S.C. § 1349	Conspiracy to Commit Wire Fraud	1	Felony
Set 2	18 U.S.C. §§ 1343 & 2	Wire Fraud	2-8	Felony
Set 3	18 U.S.C. §§ 1957 & 2	Unlawful Monetary Transactions	9-14	Felony
	18 U.S.C. §§ 981 & 982,			
Set 4	21 U.S.C. § 853(p)	Criminal Forfeiture		Forfeiture